

damage or destruction, then Landlord shall bear the expenses of such repair and restoration of the Demised Premises; provided, however, that if such damage or destruction was caused by the gross negligence or wilful misconduct of Lessee, its agents, employees, independent contractors or other invitees, then Lessee shall pay the amount by which such expenses exceed the insurance proceeds, if any, actually received by Landlord on account of such damage or destruction; and Landlord shall not be required to repair or restore any alteration or improvement previously made by Lessee or any of Lessee's Trade Fixtures, furnishings, Equipment or personal property. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate this Lease if (a) insurance is insufficient to pay the full cost of such repair and restoration, provided Landlord carried the insurance required hereunder, (b) the holder of any mortgage encumbering the Demised Premises fails or refuses to make such insurance proceeds available for such repair and restoration, or (c) zoning or other applicable laws or regulations do not permit such repair and restoration. Landlord covenants to endeavor in good faith to diligently pursue collection of the insurance proceeds from the applicable insurance company(ies) and disbursement of the insurance proceeds from the lender(s). Except as herein provided, there shall be no obligation of Landlord to repair or rebuild in case of fire or other casualty. In the event this Lease is terminated pursuant to the terms of this Paragraph and if the insurance proceeds are made available to Landlord or Lessee, Landlord shall be entitled to receive all insurance proceeds for the Demised Premises except that Lessee shall be entitled to receive that portion of the insurance proceeds attributed to the Renovation only to the extent that Lessee has paid for the Renovations. Lessee agrees to expressly disclaim any interest in those insurance proceeds to which Landlord is entitled and Landlord agrees to expressly disclaim any interest in those insurance proceeds to which Lessee is entitled and both parties agree to provide reasonably sufficient evidence of their disclaimers.

15. Indemnification and Public Liability Insurance.

(a) Lessee shall defend, indemnify Landlord and save Landlord harmless from and against any and all costs, expenses, liabilities, losses, damages, injunctions, suits, fines, penalties, claims and demands, including reasonable attorney's fees, as a consequence of, by reason of or on account of the death or personal injury of any person, or damage to property, which death, personal injury or damage to property occurs or is sustained as the result of any Event of Default by Lessee or any gross negligence or wilful misconduct of Lessee, its agents, independent contractors, employees, ~~members or~~ other invitees in or in connection with the use of the Demised Premises or the Property, except to the extent such damages or liabilities result directly from the gross negligence or wilful misconduct of Landlord. Landlord, its agents and employees assume no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted by Lessee in the Premises, and shall not be liable for any accident or injury to any person or property which are caused by the conduct and operation of Lessee's business. Lessee agrees to indemnify and hold harmless Landlord, its agents and employees, against all such claims.

(b) Landlord shall defend, indemnify Lessee and save it harmless from and against any and all costs, expenses, liabilities, losses, damages, injunctions, suits, fines, penalties, claims and demands, including reasonable attorney's fees, as a consequence of, by reasons of or on account of the death or personal injury of any person, or damage to property, which death, personal injury or damage to property occurs or is sustained as the result of any act of ~~gross~~ negligence or wilful misconduct of Landlord, its agents, independent contractors, employees or invitees in or in connection with their ~~use or~~

ownership of the Demised Premises, except to the extent such damages or liabilities result directly from the gross negligence or wilful misconduct of Lessee.

(c) Lessee shall at all times during the term or renewal or extension hereof keep in full force, at its own expense, public liability and property damage, fire and basic peril insurance in companies acceptable to Landlord, naming as insured Landlord, with minimum limits of Five Million Dollars (\$5,000,000.00) combined single limit on account of bodily injuries to or death of persons and/or damage to property, the Lessee shall further deposit the policy or policies of such insurance or certificates thereof with Landlord prior to occupancy of the Demised Premises or within ten (10) days of renewal thereof. In the event of a loss to which Landlord may assert a claim under such insurance policy(ies) in accordance with the terms of this Lease, Landlord may submit a claim to the insurance company(ies) and may apply for and be named the sole payee for such proceeds for such loss.

(d) Landlord and/or Lessee covenant and agrees that they will at all times during the Lease Term and Option Terms (if exercised) keep, or cause to be kept, the Demised Premises insured by a good and responsible insurance company(ies) authorized to do business in Virginia, which company(ies) shall be acceptable to Lender or the holder of any mortgage affecting the Demised Premises (including but not limited to Structural Components and Building Systems) to which Landlord is a party, naming as insured Landlord, Lessee and Landlord's lender, for protection against damage or destruction by fire and other perils embraced within term "extended coverage" in an amount not less than one hundred percent (100%) of the replacement value of the Demised Premises. Landlord shall not be liable for any damage to Trade Fixtures, Equipment, fixtures or merchandise owned by Lessee caused by fire or other insurable hazards in any portion of the Demised Premises. Lessee does hereby expressly release Landlord of and from all liability for such damages, except if such damages were caused by Landlord's gross negligence or willful misconduct. If Lessee is able to procure, at a lesser cost, the same or better insurance coverage for the Demised Premises from a good and reputable insurance company(ies) authorized to do business in Virginia rated equal or better than Landlord's insurance Company(ies) which company(ies) is acceptable to Landlord, to Lender and/or the holder of any mortgage affecting the Demised Premises to which Landlord is a party, then Landlord shall keep the Demised Premises insured by Lessee's insurance company(ies). In the event of a loss to which Lessee may assert a claim under such insurance policy(ies) in accordance with the terms of this Lease, Lessee may submit a claim to the insurance company(ies) and may apply for and be named the sole payee for such proceeds for such loss.

16. Waiver of Claims.

(a) Except in the case of Landlord's or Lessee's negligence or wilful misconduct, Landlord and Lessee each waive any and all rights to recover against the other, or against the agents, employees and contractors of the other, for damage to person or property sustained as a result of any accident, occurrence or condition in or about the Demised Premises, including but not limited to, such claims for damage resulting from (i) any defect in or failure of Building Systems, including but not limited to, plumbing, hydraulic, ventilating, heating or air-conditioning equipment, electric wiring or installation thereof, water pipes, stairs, railings or walks; (ii) any equipment or appurtenances becoming out of repair; (iii) the bursting, leaking or running of any tank, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Property or Demised Premises; (iv) the backing up of any water or sewer pipe or downspout; (v) the escape of steam or hot water; (vi) water, snow, or ice being any place upon or near the Property or Demised Premises or otherwise; (vii) the falling of any

fixture, plaster, drywall or stucco; (viii) broken glass; (ix) any act or omission of co-tenants, sublessees or other occupants of the Property, building or adjoining or contiguous property to the building in which the Demised Premises is located. The parties acknowledge that this provision does not affect the Landlord's responsibilities under Section 8(a) or under the last sentence of 8(b) (during the warranty period set forth in such sentence).

(b) Landlord and Lessee each waive any and all rights to recover against the other, or against the officers, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors of such other party for any loss or damage to such waiving party arising from any cause covered by any insurance required to be carried by such party pursuant to this Lease or any such insurance actually carried by such party to the extent of the limits of such policy. Landlord and Lessee, from time to time, will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all property insurance policies carried in connection with the Demised Premises or the contents of the Demised Premises.

(c) All property of Lessee contained in the Demised Premises shall be and remain there at the sole risk of Lessee. Except for Landlord's gross negligence or gross misconduct, Landlord, its agents and employees shall not be liable under any circumstances for any accident or damage to the property of Lessee. Landlord, its agents and employee shall not be liable under any circumstances for any interruption or loss of Lessee's business unless the loss is due to Landlord's breach of Paragraph 8(a) or the last sentence of 8(b) to a maximum amount of \$100,000.00. For the purpose of this Paragraph, the term "Lessee" shall include Lessee, its agents, employees, contractors, visitors, guests and invitees.

(d) Except as provided in Paragraph 6(c) herein, and then only to the extent as set forth in Paragraph 6(c) herein, Lessee agrees that in the event Lessee is awarded a money judgment against Landlord, Lessee's sole recourse for satisfaction of such judgment shall be limited to execution against the estate and interest of Landlord in the Property; in no event shall any other assets of Landlord, or any partner of Landlord or any other person or entity be available to satisfy, or be subject to, such judgment, nor shall any partner of Landlord or any other person or entity be held to have any personal liability for satisfaction of any claims or judgments that Lessee may have against Landlord and/or any partner or in such partner's capacity as a partner of Landlord.

17. Fixtures, Renovations.

(a) Except as provided herein, all Trade Fixtures identified on Exhibit B attached hereto installed by or on behalf of Lessee in the Demised Premises which may be easily removed without any damage to the Demised Premises, may be removed at the expiration or earlier termination of this Lease, provided: (i) Lessee shall not at such time be in a material default under any covenant or agreement contained in this Lease; and (ii) Lessee shall promptly restore the Demised Premises to their original order and condition upon tender of possession to Lessee, ordinary wear and tear excepted. Any such Trade Fixture not removed at or prior to such termination shall be and become the property of Landlord. Lighting fixtures, air-conditioning equipment or other equipment necessary to occupancy and use of the Demised Premises, whether or not installed by Lessee, shall not be removed at the expiration or earlier termination of this Lease, and shall be the property of the Landlord.

(b) Lessee shall have the right to construct or have constructed on its behalf the Renovations to the Demised Premises shown in Exhibit A-2 attached hereto.

18. Assigning, Mortgaging, Subletting.

Except as provided herein, Lessee agrees not to assign, mortgage, pledge, sell or encumber this Lease, in whole or in part, or sublet the whole or any part of the Demised Premises, or permit the use of the whole or any part of the Demised Premises by any licensee or concessionaire, without first obtaining the written consent of Landlord which consent shall not be unreasonably withheld by Landlord or delayed, provided the financial net worth of the assignee as reasonably determined by Landlord is equal to or greater than Lessee's financial net worth. In the event of Landlord's approval of a sale or assignment, such approval by Landlord shall include the transfer of lease liability to the new owner and termination of Lessee's obligations hereunder. Lessee shall have the right, upon prior written notice to Landlord but without Landlord's consent, to assign this Lease, or to sublet all or any part of the Demised Premises, to (a) any entity resulting from a merger or consolidation with Lessee (its corporate successors or assigns) or (b) any corporation succeeding to substantially all of the business and assets of Lessee (its corporate successors or assigns) (and provided that Lessee (to the extent it exists) remains primarily liable and the surviving or successor entity shall also assume in writing all of the obligations and liabilities of Lessee hereunder). In addition, Lessee agrees that, in the event of any such subletting, licensing or granting of a concession, made with the written consent of Landlord as aforesaid, Lessee shall nevertheless remain responsible and liable for the performance of all of the terms, conditions and covenants of this Lease. Except as provided herein, Lessee shall have no power to do any act or to make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the reversion or other estate of Landlord or of any interest of Landlord in the Demised Premises or in the buildings and improvements on the Property and machinery or equipment therein contained. The aforesaid prohibition against assignment, subleasing or encumbrance of this Lease shall be construed to include a prohibition against any assignment, subleasing or encumbering of the Demised Premises by operation of law.

19. Subordination.

(a) Subject to the Non-Disturbance and Attornment Agreement attached as Exhibit C, this Lease is subject and subordinate to the lien, operation and effect of all ground leases, deeds of trust, mortgages, and/or other similar instruments of encumbrance (herein each referred to for the purposes of this Paragraph as "Mortgages") which may now or hereafter affect this Lease, the Property or the Demised Premises, to all funds and all indebtedness intended to be secured by such Mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof, (including any refinancing of the Signet Bank indebtedness with another lender) provided, however, that notwithstanding the preceding sentence, such subordination shall be upon the express condition that the validity of this Lease and all of Lessee's rights hereunder shall be recognized by the holder of the Mortgage or any purchaser or party claiming by or through Landlord or its lender holding said Mortgage and Lessee's possession and right of use to the Premises together with all of Lessee's rights hereunder shall not be disturbed by such holder of the Mortgage or any purchaser or party claiming by or through Landlord or its lender holding said Mortgage unless and until an Event of Default by Lessee exists and is continuing, provided further, however, that said holder of the Mortgage or purchaser or party claiming by or through Landlord or its lender holding said Mortgage shall not be bound by any payment of Rental or additional rent for more than one (1) month in advance. This clause shall be self-operative and no further instrument of subordination shall be necessary to effect the conditional subordination of this Lease to the lien of any such Mortgage. Upon request of Landlord, Lessee or the holder of any

Mortgage, in confirmation of such conditional subordination, Lessee, Landlord and the holder of any Mortgage encumbering the Property shall, within five (5) business days of the written request execute promptly any commercially reasonable subordination instruments consistent with the terms of this Paragraph 19(a) requested which instrument shall be recordable form. Landlord shall be obligated to obtain a commercially reasonable subordination instrument as described above from the holder of any permanent or construction loan Mortgage procured by Lender in connection with this Lease. In addition, Landlord agrees to endeavor in good faith and use commercially reasonable best efforts to obtain a commercially reasonable subordinated instrument consistent with the terms of this Paragraph 19(a) from any other holders of Mortgages affecting the Property to which Landlord is a party. Notwithstanding any other provision hereof, in no event shall the maximum indebtedness secured by the property exceed 85% of the then appraised value of the property as determined by an independent MAI appraiser and Landlord will give Lessee written notice of Landlord's intent to replace existing or place any new encumbrances upon the property no later than thirty (30) days prior to the settlement on any such financing.

(b) In the event of any proceeding to terminate or to foreclose upon any Mortgage to which this Lease is subordinate subject to the provisions of Paragraph 19(a) herein, Lessee shall attorn to the purchaser at the foreclosure sale and shall recognize such purchaser as the Landlord pursuant to this Lease. Upon request by such purchaser, Lessee shall execute and deliver an instrument or instruments confirming its attornment.

(c) In the event that any lender providing any financing for the Building requires, as a condition of such financing, that modifications to the Lease be obtained, and provided that such modifications do not increase Lessee's obligations or decrease Lessee's rights hereunder, Landlord may submit to Lessee a written amendment to the Lease incorporating such required changes, and Lessee hereby covenants and agrees to execute, acknowledge and deliver such amendment to Landlord within five (5) business days of Lessee's receipt thereof.

(d) Notwithstanding any provisions of this Paragraph to the contrary, the holder of any Mortgage may at any time subordinate the lien of its Mortgage to the operation and effect of this Lease without obtaining the Lessee's consent thereto, by giving the Lessee written notice thereof, in which event this Lease shall be deemed to be senior to such Mortgage without regard to their respective dates of execution, delivery and/or recordation, and thereafter such Mortgage shall have the same rights, as to this Lease as it would have had, were this Lease executed and delivered and/or recorded before the execution of such Mortgage.

20. Performance of Lessee's Covenants. Lessee covenants and agrees that it shall perform all covenants, conditions and agreements herein expressed on its part to be performed.

21. Custom and Usage. It is hereby covenanted and agreed, any law, usage or custom to the contrary notwithstanding, that each party shall have the right at all times to enforce the covenants, conditions and agreements of this Lease in strict accordance with the terms hereof, notwithstanding any conduct or customs on the part of either party in refraining from so doing at any time or times; and, further, that the failure of either party at any time or times to enforce its rights under said covenants, conditions and agreements strictly in accordance with the same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions and covenants of this Lease, or as having in any way or manner modified or waived the same.